

ABSTRACT

A process for packaging and securitizing future oil and gas production streams from one or more wells. The process is based on [the] relative predictability of future oil and gas production levels. This predictability of future production levels permits the creation of a “production backed security” supported by a revenue stream derived from the packaged oil and gas production. The process includes establishing a trust managed by a trustee or a fund managed by a fund manager. The trust is used for purchasing oil and gas production streams from one or more oil and gas producers. The trust then issues and sells the production backed securities to investors. The trust pays the oil and gas producer from [a portion of] the proceeds from the sale of the security. Also, the process can include hedging the production backed securities using a commodity price hedge. The hedging of the prices helps reduce the risk related to future price fluctuations of oil and gas. Further, the process can include a security guarantee and/or other credit enhancements. Still further, a security rating agency can be used to rate the production backed securities.